

## REGIONAL PLAN

*Local Elected Officials and Local Workforce Development Boards within each Regional Workforce Development Area must participate in a planning process to address the following-*

1. Describe the region's economic conditions including existing and emerging in-demand industry sectors and occupations and also the employment needs of employers in these sectors and occupations. Attach a copy of an analysis addressing these factors. It is acceptable and recommended to use the [regional analysis](#) and other information if desired that is available from DEED's Labor Market Information Division.

Northwest Minnesota is a mostly rural, 26-county region located in the central, northern and northwest areas of the state bordering North Dakota, South Dakota and Canada. The region covers four Economic Development Regions (EDRs) and is the third largest of the six planning regions in the state, accounting for 10 percent of the state's total population.

The Northwest Planning Region covers the following counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin.

Northwest Minnesota is also a very diverse region in terms of geography, as well as economics. To the north there are trees and lakes, to the south and west there are prairies and farmland. Yet, given the large land mass yielding numerous economic benefits, there are still many challenges in the region in the area of Workforce Development. *As with the rest of the world, nation and state the pandemic has had a jarring effect on the people and economy of the region.*

The following narrative will help to identify and explain these challenges in greater detail.

### Unemployment/Poverty:

According to the Local Area Unemployment Statistics Program, *over the last ten years the annual unemployment rate has fluctuated from a high of 7.3 percent in 2011 to a low of 3.8 percent in 2018. Between April 2020 and November 2020, the monthly unemployment rate was as much as 4.8 percent higher than in the same period in 2019 due to the effects of the pandemic on the economy.* Northwest Minnesota consistently reports higher unemployment rates than the

rest of Minnesota. The unemployment rate in the Northwest typically hovers about 1 percent above the statewide rate. *In 2020, however, the annual average unemployment rate in Northwest Minnesota was 5.5 percent compared to the statewide average of 5.8 percent. Of note, however, is that the drop in the unemployment rate was due in no small part to the fact that the labor force in Northwest Minnesota dropped 1.8 percent. The Minnesota statewide labor force dropped 1.1 percent.*

Overall, Northwest's poverty rate is 11.8 percent, which was slightly above the statewide rate of 10.1 percent. Like incomes, poverty levels varied widely by race and origin. *In the 2020 Regional Profile from the Department of Employment and Economic Development (DEED) Labor Market Information Office it is estimated that 44.4 percent of the region's Black or African American population were below the poverty level in 2018, compared to just 10.1 percent of the white population. Likewise, poverty levels hovered around 34 percent for American Indians, which was above statewide rates in both cases. Over 20 percent of people of two or more races and of Hispanic or Latino origin also were below the poverty level in 2018.*

#### Household Incomes:

According to the 2020 Regional Profile, household incomes are also lower in Northwest Minnesota than in the statewide average. At \$55,979 compared to \$68,411 statewide, the Northwest Region has the second lowest median household income of the six planning regions in the state. Almost half (45.1 percent) of the households in the region had incomes below \$50,000 in 2018, compared to just 36.4 percent statewide. About one-third (33.8 percent) of households earned between \$50,000 and \$100,000 in the Northwest Region. Only 21.1 percent of households earned over \$100,000 per year compared to nearly 31.5 percent of households statewide.

Incomes also vary widely by race in the Northwest Region, with the highest incomes reported by white, Asian, and households of some other race and the lowest incomes reported for American Indians and Black or African American households. There is a nearly \$25,000 per year difference in the median income for those two groups.

### Wages:

According to DEED's Quarterly Census of Employment & Wages program, Northwest Minnesota is home to 17,145 businesses providing 223,144 jobs in 2019, with a total payroll over \$9.3 billion. That represents about 7.7 percent of total employment in the state of Minnesota. Average annual wages were \$41,721 in the region, which is approximately \$18,000 lower than the state's average annual wage.

The median hourly wage for all occupations in Northwest Minnesota was \$18.38 in the first quarter of 2020. The Northwest Region *is tied for* the second lowest median wage level of the six planning areas in the state. The Northwest Region median wage was *over \$3* below the state's median hourly wage, and nearly \$5 below the median hourly wage in the Twin Cities metro area. This amounts to over \$10,000 per year for a full-time worker. Compared to surrounding areas, the Northwest Region's median hourly wage was 90 cents per hour less than in Central (\$19.28) and 65 cents less than Northeast (\$19.03). Within the Northwest Region, EDR 5 - North Central had the lowest median wage, despite having the highest cost of living. EDR 1 – Northwest had the highest wages in the region, at \$19.11.

### Demographics:

Northwest Minnesota has welcomed about 16,200 new residents since 2010. In addition to a natural increase – more births than deaths – of 10,634 people, an estimated 5,925 more people migrated to the area than moved out, including a net in-migration of 2,283 people from other counties or states, as well as 3,642 additional foreign-born Minnesotans.

Just over half – 14 of 26 – of the counties in Northwest Minnesota have grown in population so far this decade, while the other 12 declined. *Eight* of the 11 counties in the region with less than 10,000 residents declined in population from 2010 to 2019. In contrast, the larger counties in the region have had more population growth. As part of the fast-growing Fargo-Moorhead Metropolitan Statistical Area, Clay County added 5,000 new residents, an 8.9 percent increase, making it the *8th* fastest growing county (of 87) in the state. Crow Wing County, the largest county in the region with 65,055 people in 2019, was the *27th* fastest growing county in the state. *Seven* of the *eight* counties in the region with more

than 30,000 residents saw population growth.

Over one-third (*35.4 percent*) of the population is over the age of 55, compared to 29.7 percent statewide. In contrast, the region had a smaller percentage of people in the 25 to 54-year age group - typically considered the “prime working years.” A large portion of Northwest’s population is a part of the “Baby Boom” generation, which is creating a significant shift in regional demographics over time. While the number of residents under 25 years of age declined, the number of people aged 55 years and over increased by over *61,000* between 2000 and 2019.

Diversity:

The overall population in Northwest Minnesota is less racially diverse than the rest of the state. Northwest Minnesota is, however, becoming more diverse over time.

In 2018, an estimated *91.2 percent* of the region’s residents reported white alone as their race, compared to *83.3 percent* of residents statewide. However, at *4.1 percent*, Northwest had the highest concentration of American Indian and Alaska Natives of the six planning regions in Minnesota. Census data shows that the number of residents of other races increased much more rapidly than the region’s white population, jumping nearly 60 percent since 2000. In particular, the number of Black or African American residents quadrupled in that time, and the population of two or more races and of Hispanic or Latino origin doubled.

With the international immigration, the Northwest Region is home to *12,182* foreign-born residents, or *2.2 percent* of the total population. The largest number of immigrants in the region have come from Asia, Latin America, Europe, Africa, and Canada. However, the fastest increase in immigrants came from Africa, which increased more than 50 percent since 2010. In total, the number of immigrants in the region rose by *15 percent* from 2010 to 2018. This is slower than the statewide growth rate of *25.8 percent*.

About *47 percent* of immigrants in the region settled in the U.S. prior to 2000. Foreign-born residents have a younger age profile than the native-born population, with *53.7 percent* being between 25 and 54 years of age, compared to *34.3 percent* of the total population. While a similar percentage of foreign-

born residents had a bachelor's degree or higher compared to native born residents, immigrants were also much more likely to have less than a high school diploma.

The Headwaters Region (EDR2) had the most diverse populace in the region, due in large part to 15.5 percent of residents identifying as American Indian or Alaska Natives. In contrast, over 93 percent of residents in EDR 1, EDR 4, and EDR 5 were white alone. With the largest total population, EDR 4 is still home to the highest number of minority residents, followed closely by EDR 2.

#### Industry Projections:

Northwest Minnesota's Planning Region is projected to grow 4.2 percent from 2016 to 2026, a gain of 10,961 new jobs. **The largest and fastest growing industry is expected to be health care and social assistance**, which may account for one-third (33.8 percent) of total projected growth in the region by 2026. **The region is also expected to see significant employment growth in manufacturing, administrative support and waste management services, agriculture and forestry, wholesale trade, and construction.** In contrast, retail trade is expected to cut nearly 1,200 jobs in the next decade, and educational services will also see cuts.

Like other parts of Greater Minnesota, **agriculture is also a key industry in the Northwest**, with 19,830 farms producing just under \$4.2 billion in the market value of products sold in 2017 according to the U.S. Department of Agriculture. That was the second highest value of the six planning regions in the state. EDR 4 led the way with 7,857 farms, followed by EDR 1 with 4,891 farms

#### Occupations in Demand:

*The COVID-19 Pandemic has resulted in job loss, but there are still many opportunities in demand occupations at all education levels in the region.*

In Northwest Minnesota, *data from DEED's Occupational Employment Statistics program shows that only around one-third of jobs in the region require postsecondary education for entry. The other two-thirds can be obtained with a high school diploma or less and some amount of on-the-job training.*

Certain careers – such as dentists, lawyers, and teachers – require a college education, while other jobs – including cost estimators, sales representatives, and correctional officers – do not. High wages are also not always dependent on a 4-year or post-graduate college degree. Many occupations categorized as “High Wage High Demand” are in demand in Northwest Minnesota only requiring a certificate of completion or a 2-year diploma. Yet, college is an excellent way to move up career ladders and open windows of opportunity to fields that would otherwise be closed, such as nursing or engineering. Many of these occupations offer high wages and are in high demand in the marketplace.

While education is typically a worthwhile investment, college can be expensive – with average annual expenses ranging between \$15,000 and almost \$50,000 per year in Minnesota. For those who go to college, choice of major matters – different programs lead to different jobs that earn different amounts of money. This is true in the Northwest Region as well.

2. What is the regional strategy to coordinate efforts to address existing and in-demand industry sector and occupations workforce needs? Describe the methodology for outreach to these industry sectors and how they will be connected with the workforce system in the region.

*Developing strategies to address in demand sectoral and occupational needs has been conducted under the purview of the two Local Workforce Development Boards (LWDBs) in the Northwest Region for decades. These boards worked with the local Regional Labor Market Analyst to pioneer the process of identifying regional Occupations in Demand. Local business, education, labor, government and non-profit leaders meet in each EDR to use the statistics and personal knowledge to identify industry workforce needs and project occupations in demand.*

Starting in 2018, under WIOA Regional Planning, a regional summit strategy was enacted in the 26-county region of Northwest Minnesota to bring a *wide range of stakeholders* together to discuss occupations in demand and the underlying conditions causing the shortages of an available workers. The emphasis was on methodology to validate the data surrounding occupations in demand, and for workforce development professionals to become more aware of the specific challenges affecting business in each of the four EDRs in the Northwest Region. Keeping in mind that each EDR is distinctly unique, it was important to listen

more than talk; therefore, the underlying design was to provide a business panel as well as a roundtable discussion at each summit for an uninhibited exchange of ideas. *An emphasis of these meetings has been on the efficacy of developing inclusive and equitable recruiting and retention strategies. Since inception, a dozen regional summits have been planned and executed.*

While the intent of prior business engagement was to validate the underlying data representing occupations and sectors in demand, the results of the summits identified many underlying foundational factors in recruitment and retention of a qualified regional workforce. These factors are: housing, childcare, transportation, and to a lesser extent - workforce recruitment, retention, job skills and education.

Moving forward from the regional summits, each EDR has developed a “Core Team” of committed business, workforce and economic development professionals coming together on a monthly basis to discuss issues and to plan for actionable intents to help solve some most pressing issues. Specific workforce deliverables include “Infographics,” Inclusive Workforce Employer Designation,” and the “Employability Skills Certification.”

*Infographics are a tool to provide data on occupations in demand and career paths to high school job seekers in a visually interesting and easy to understand format.*

*The Inclusive Workforce Employer (I-WE) Designation is given by the Regional Workforce Alliance (RWA) to employers who demonstrate a commitment to a diverse workplace which welcomes individuals of a wide range of backgrounds.*

*The Employability Skills Certification is awarded to job seekers who possess the following basic work skills such as positive attitude, teamwork, diversity and cultural awareness, communication and listening, appearance and etiquette, critical thinking and problem solving and leadership.*

Continuation of summits and regional planned events are part of the ongoing plans for serving the needs of the region’s businesses. Many future activities have already been funded the Minnesota Association of Workforce Boards (MAWB). The intent is to stay current with business needs and to be able to react in a timely manner for development and implementation of innovative ideas.

*In addition, the Regional Career Counseling Coordinating (RC3) staff for the region will play a key role in bringing together business and industry with the workforce system to address workforce needs. RC3 staff improve coordination and communication of workforce development programs and services through connecting stakeholders and partners; assessing and compiling information about all workforce development programs and services offered in the area; sharing best practices among stakeholders; promoting available workforce development and career counseling programs and resources in the area. RC3 staff are instrumental in disseminating information on occupations in demand.*

3. Describe how the local boards will direct regional workforce system alignment through shared policies and practices. In this description include any cooperative service arrangements being planned for the region and how they will promote consistency within the regional workforce development area and with state policy.

Northwest Private Industry Council (NWPIC) and Rural Minnesota Concentrated Employment Program (RMCEP) began sharing policies and best practices prior to the concept of Workforce Investment and Opportunity Act (WIOA) Regional Planning in 2016. Since that time, both LWDB's have made strides in formalizing processes through sharing of policies, adapting practices and providing training. Each Local Workforce Development Area (LWDA) has signed a Memorandum of Understanding (MOU) describing how each will work together toward a cohesive regional approach to providing regional workforce development services.

Alignment and coordination of efforts has continued through establishment of a WIOA Executive Leadership Committee. This committee is comprised of executive level leadership. Alignment and coordination between the two LWDBs will continue by sharing of best practices, and through open lines of communication.

Additional coordination of regional workforce development efforts has been strengthened through establishment of a Regional Workforce Alliance (RWA). The RWA is comprised of members from each LWDB along with appointees representing special interest groups, business and diversity. The Regional Workforce Alliance meets quarterly to plan for coordination of workforce development activities within the greater Northwest Region.

Along with the RWA structure, several committees have been formed to address



specific needs within areas of workforce development. RWA Committees are identified as such: Business Sector Initiatives, Customer Center Design, Community Engagement (Diversity) and Policy/Systems/Funding. These committees meet on a quarterly basis to assure continuity of effort and continuation of planned initiatives.

*Alignment is also achieved through the efforts of RC3 staff, who provide support to the RWA and its subcommittees. The RC3 staff serve both LWDBs and serve as a conduit of information. RC3 staff arrange the RWA meetings, retain speakers and take minutes. RC3 staff also arrange many of the regional summit meetings. In addition, they carry out the regional service initiatives developed by the RWA such as the I-WE, Employee Skills Certification, Infographics, and planning.*

Each LWDA has also committed to standardization of staff training. In the past year, each LWDA has participated in the “Global Career Development Facilitator” (GCDF) training. In the coming year, plans have been made to provide staff training in each LWDB within the area of “Mental Health Awareness.” With an increasingly challenging environment in workforce development recruitment and retention, “Mental Health in the Workplace” has been identified as a high need for regional business.

All of the activities and specifics identified in this section will continue in the future WOIA Regional Planning Process, as these are foundational for continued success.

4. Describe how the regional approaches used will ensure that it includes diverse representation, specifically among populations experiencing the greatest barriers to employment or communities facing the greatest levels of economic disparities?

A regional approach supporting diversity has been the hallmark of past efforts within the WIOA Regional Plan. Elements of our past and future initiatives call for an increase in the awareness of diversity in the workforce in the 26-counties in Northwest Minnesota. While both LWDBs in the region have taken specific actions to address diversity, specific attention to diversity and the development of an action plan was developed in 2017. This plan has helped identify various sectors that make up local diversity and set forth a plan to address diversity on a region-wide approach. Specifics of our past and future workforce planning include:

### Past Interactions:

In 2016, an early intervention into diversity included a partnership with the Minnesota State Chamber of Commerce to deliver a message of “Why We Need Immigration Reform to Support a Future Workforce.” This presentation was well received in the rural regions due to the developing workforce shortages. This helped set the stage for additional conversation in many of the region’s rural communities.

In 2017, continued efforts to consider diversity as an element of workforce development emerged as a coalition effort in Clay County in the border region between Minnesota and North Dakota. This effort involved a partnership of workforce, education, social service and community partners. This group came together to address issues around points of entry to employment of the New American Population in the Fargo/Moorhead communities. A “New American Team” was developed with the goal of developing a set of data to help determine the barriers to employment for diverse populations. A “New Americans Report” was also developed, which helped create an awareness of the foundational needs of the New Americans population in workforce participation.

In 2019, addition efforts were made to revisit the previous “2017 New Americans Report” to validate past assumptions. Focus efforts included a validation of past assumptions, and the development of multi-year plan was developed for the border regions of Minnesota and North Dakota. The “2019 New Americans Plan” was completed in December 2019. This plan is being used in discussions throughout the entire Red River Valley Region. These efforts also helped establish a new collaboration called the “Community Workforce Inclusion Council” (CWIC) *in the western part of EDR 4. The CWIC is a collaborative group of community partners who champion a robust and diverse workforce. The success of this group has led to the creation of a CWIC in EDR 5.*

### Future Interactions:

Future initiatives in the Northwest Region will include a focus on disability, youth, culture, and all persons not currently participating in the workforce. Specific Initiatives include:

LWDB 2 has specific initiatives to support and increase outreach for disability through the Ticket to Work Program (T2W). In the area of youth interaction, LWDB 2 will continue a substantial commitment to providing high school and Alternative Learning Center youth with career advising services.

LWDB 1 has made a substantial commitment to providing stable housing for homeless and at-risk youth. LWDB 1 is also in support of business interaction in support of strategies to address “Mental Health in the Work-Place.”

Both LWDBs have a commitment to continued development and outreach to support the “Inclusive Workforce Employer Designation” (I-WE) which was *initiated by the CWIC and developed by the RWA. The I-WE Designation is awarded to employers which exhibit a commitment to reducing regional disparities, promote equitable workforce practices, and foster an inclusive culture in their businesses and communities. The I-WE designation informs job seekers that an employer is committed to creating and maintaining a culture which is welcoming and supportive of people from diverse backgrounds. As a result, individuals will be encouraged to seek employment or better jobs with those employers and increase their job satisfaction, job retention and income. At the same time, the designation will increase the ability of employers to hire and retain workers.*

5. Describe how performance negotiations will be managed among the local workforce development areas within the region.

Performance is negotiated at the individual LWDB level in coordination with DEED and the Federal Department of Labor. Each LWDB negotiates performance levels based on prevailing local economic conditions. While there are some distinct differences, there are also many similar conditions that exist for the entire 26 county region that drive the overall performance negotiations and future outcomes. Some of these on-going considerations are described below:

Past Negotiations:

Typically, rates for wage performance are achieved at a lower level in the rural areas compared to the metropolitan areas. This is due in part to the existence of fewer metropolitan areas. Exacerbating wage performance is the large geographic

dispersal of metropolitan areas. Typically, the availability of higher paying jobs is associated with metropolitan areas where competition for workers is greater. *Annual incomes in Northwest Minnesota are only 81.8 percent of the statewide average. The median hourly wage is nearly \$5 below the median hourly wage in the Twin Cities metro area.* While the current labor shortages have driven wages higher in some areas due to the need for specialized skills, with the existence of fewer metropolitan areas, combined with a greater regional dispersal, competition for workers in the Northwest Region is less. This is often a contributing cause for lower prevailing wage rates.

In addition, with just 64.1 percent of the region's population over 16 years of age participating in the labor force, the Northwest had a much lower labor force participation rate than other areas in the state. Contributing to the lower labor force participation rate is the higher percentage of the region's labor force in the oldest age groups. Older workers often work part-time or on an occasional basis.

Future Negotiations:

Ongoing negotiations between LWDAs and DEED will continue using regional data to support the development of consistent performance standards to measure work. Additionally, a dashboard for future consideration of how diversity affects performance is being developed by DEED. We hope to incorporate both the existing performance standards and newly developed diversity standards into our daily work.

6. Describe how the region's workforce development efforts will be coordinated with economic development services and providers.

Since inception of the WIOA Regional Planning concept, Regional Development Commissions have been the key point of contact in an identifiable effort to combine economic development efforts with WIOA Regional Planning.

In the 26-county region of Northwest Minnesota, there are four specific EDRs with regional economic development commissions. Each EDR implemented different strategies in their specific region to serve the identified needs. The WIOA Region Planning effort has recognized each region's unique characteristics and has developed specific plans to serve each EDR. Some of the noted efforts include:

EDR1 – Development and support of the key industries and employers in the region to help promote future inward migration of workers to the remote parts of far northwest corner of Minnesota. Current and future efforts include plans to build additional workforce housing, along with business sector support for workforce retention utilizing incumbent worker training.

EDR2 – Development of methods to increase worker recruitment, retention and business culture. Specific current and future efforts include the development and implementation of an “Employment Skills Certificate,” offered through the regions’ CareerForce offices.

EDR4 – Development of an effort to increase the acceptance of existing and new populations of New Americans. *Local CareerForce staff are working with the CWIC to develop an action plan to implement the goals identified in the “Removing Barriers to Employment for New Americans” report.*

ERD5 – Development of an effort to increase awareness of diversity in rural communities, through the development of “Welcoming Communities.” *CareerForce staff have also worked with local stakeholders to establish a CWIC to advance workforce equity in the area.*

All activities noted in this section will continue to develop into the future in coordination and with support of the Northwest Regions - WIOA Regional Plan.

7. Describe any regional coordination of administrative cost arrangements, including the pooling of funds for administrative costs, as appropriate. Also, please describe regional coordination of transportation and other supportive services.

While largely operating as separate administrative entities, both LWDA's contribute to the ongoing regional planning efforts effort to reduce duplication of services and support. The following are examples of these efforts:

Regional Planning:

Since 2016, a single “Regional Planning Coordinator” has served each LWDB to develop, implement and evaluate the WIOA Regional Plan. Sharing of this

functionality allows for pooling of administrative costs, with far less duplication of effort.

#### Career Pathways:

Creation, outreach, and administrative support for implementation of a Career Pathways Methodology is shared by both LWDBs through the support of the RC3 initiative. RC3 funding is provided by DEED to help tie together career pathway outcomes under one umbrella serving the entire 26-county regional planning area. Each LWDA relies on a shared RC3 Coordinator to plan and implement identified strategies.

Additional partnership development with other rural planning regions utilizing RC3 Funding has evolved supporting the development of “Info-Graphics” depicting career pathways in all demand sectors. Each of the seven rural regions participating in RC3 efforts has contributed funding to support existing and future development of the Info-Graphics program.

All of these partnership/sharing methods contribute to a more efficient system. The results of these actions allow for a reduction in areas of duplication, resulting in fewer administrative costs. These efforts will go forward into the future.

#### Transportation and Supportive Services:

Although each LWDB is specifically tied to regional/county transit, supportive efforts are starting to emerge in each region in the form of Regional Transit Coordination Councils (RTCCs). Workforce Development professionals have been asked to sit on various committees and councils to help plan the future look of a regional transportation system. These efforts tie together “Communities of Practice,” where sharing of policies, and sharing of best practices come together to streamline transportation support within the regions employment and training programs. Both LWDBs provide support for RTCCs within their service areas.

#### Future:

While coordination of WIOA Regional Planning activities with Regional Transit Coordination Councils efforts have just started, there is a concerted effort to

continue working together to explore gaps, recommend solutions and to coordinate development and expansion of regional transportation systems to serve job seekers and business interests. These efforts will continue into the foreseeable future, as the RTCC are part of a 4-year State of Minnesota Department of Transportation Regional Plan. LWDBs are not directly funding these efforts. In support of these plans, LWDBs have contributed staff resources for development of these regional approaches.

The results of these actions will dramatically benefit the Northwest Region through coordination of effort resulting in far fewer support service dollars supporting job seeker transportation needs. This will ultimately be a great benefit to the region business as well.

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